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Attached is the paper you requested on the cost of the Arab-Israeli wars. The paper is divided into a brief section on the cost of the current war and a section on the cost of past wars

It was prepared by OER and coordinated with OSR and OCI.

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ADDI

30 Oct 1973
(DATE)

Attachment

cc: DDCI

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1 AUG 54 WHICH MAY BE USED.

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3 - DDCI
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The Cost to the USSR of the Arab-Israeli WarsThe Cost of the Current War

1. Preliminary analysis on the cost to the USSR of the recent Arab-Israeli war indicates that it will run about \$1 billion if Moscow replaces all the Arab war losses.* This is over twice the estimated cost of the 1967 Arab-Israeli War.

2. Arab equipment losses are estimated to be at least 444 aircraft, 1,775 tanks, 13 guided missile patrol boats and 2 other small naval craft. Valued at Soviet export prices this equipment would be worth about \$500 million (see Table 1). This estimate does not include a value for ammunition expended, or captured and destroyed artillery, armored personnel carriers, vehicles, quartermaster supplies and surface-to-air missile equipment because information on these losses is not yet available. When the final tally of war losses is compiled it will probably approach the \$900 million level.

* These are Soviet export list prices and not the estimated dollar cost of reproducing this equipment in the US.

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4. Arab manpower losses, along with their general need for technical training will necessitate additional Soviet assistance. An increase in the number of Arab military personnel undergoing training in the USSR is expected. Additional Soviet military advisors probably will be stationed in Egypt and Syria. The costs involved may run as high as \$100 million over the next few years.

5. Support to military related industries and for petroleum products will not be major factors in the Soviet cost. Although the Soviets have supplied technical assistance and equipment to military related factories in Egypt the

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amounts have been relatively small. . The requirement for additional petroleum products resulting from the war is being met by other Arab states, mainly Saudi Arabia and Iraq, and not by the USSR.

The Cost of Past Wars and Aid Programs

6. Since the Soviet military aid program began in 1955, Moscow has delivered over \$4.6 billion worth of military equipment to Egypt, Syria and Iraq, of which about \$3 billion has been delivered since 1967 (see Table 2). These countries account for about 55% of total Soviet arms exports to less developed countries (LDCs).

7. The Arab equipment losses during the 1967 Arab-Israeli War were estimated at between \$400 and \$500 million. In the initial stage of the resupply effort (6-30 June), the Soviets mounted an airlift involving about 350 transport flights. At the same time the Soviets started a sea-lift of equipment involving at least 25 freighters carrying about 54,000 tons of military equipment during the period June-August. The transport flights were involved primarily with the delivery of disassembled

MIG fighter aircraft, while the ships carried ground equipment -- artillery, tanks, armored personnel carriers and vehicles -- as well as some additional aircraft.

8. The rapid influx of large quantities of modern military equipment in late 1967 posed serious problems for the Arabs because they were short of trained manpower and skilled technicians. Consequently, Moscow expanded the number of its military advisors stationed in the Middle East. The most pronounced jump occurred in Egypt where their number increased from 750 in 1966 to 3,000 in 1968. Some 1,300 additional Soviet advisors were stationed in Syria and Iraq.

9. The number of Soviets stationed in Egypt reached its highest level -- some 14,000 men -- in 1970 when Moscow introduced the SA-3 missile system and deployed Soviet forces to man this equipment and provide shore support for their Mediterranean naval squadron operating out of Egypt. However, by mid 1973 only about 200 Soviet advisors remained in Egypt although 1,600 were stationed in Syria and Iraq. The expense of the Soviet technical assistance program usually has been paid by the recipient.

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10. The USSR also has extended some \$2.5 billion in economic aid to the Arab states over the last 20 years, about half of which has been spent. This aid has been almost wholly devoted to specific projects, the Aswan Dam for example, rather than general budgetary support. Indirect support for Egyptian and Syrian military expenditures has come from the oil-rich Arab states rather than the USSR. A few million dollars of Soviet aid has gone to local armament plants, which produce a considerable volume of consumer goods as well as components or sub-assemblies for military hardware.

11. The real cost to Moscow of its military aid to the Arabs has been small. Most of the weapons supplied are those produced in substantial volumes or surplus to Soviet needs. The manpower costs also have been small because of the limited number of personnel involved. The local cost of the program has been met by the Arabs.

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